GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2414
ANSWERED ON:03.12.2007
FINANCIAL PACKAGE TO HANDLOOM SECTOR
Renge Patil Shri Tukaram Ganpatrao

Will the Minister of TEXTILES be pleased to state:

(a) whether a High Level Committee has recommended a financial package for the development of Handloom Sector;

(b) if so, the details thereof and the reaction of the Government thereto;

(c) the reasons for delay in taking decision on this package ; and

(d) the number of meetings held by the said Committee since its inception ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a): Yes Sir,

(b) & (c): Honorable Prime Minister had convened a meeting on 16th May, 2006 to review serious problem relating to the handloom sector. In his speech, Honorable Prime Minister at a function to launch the Handloom Mark on 28th June 2006, also advised the Textile & Finance Minister to look at the problem of debt which is afflicting handloom Cooperatives so that this can be rescheduled or cooperatives recapitalized in a manner similar to that done for cooperative banks through the Vaidyanathan Committee.

To address issues relating to credit to the handlooms sector, a meeting was held under the Chairmanship of Secretary (Textiles) on 21st August 2006 and it was decided to constitute a Committee comprising the MD, NABARD, as Convener and Representative of Indian Banking Association(IBA)/Reserve Bank of India(RBI)/ National Institute of Fashion Technology(NIFT)/ Secretary (Handlooms) Govt of Orissa/ Tamil Nadu/ Uttar Pradesh/ Assam/ Kerela/ Karnataka/ West Bengal/Andhra Pradesh and Representative of National Association of State Corporative and Additional Development Commissioner for Handlooms.

(d): The first meeting was held on 1st September, 2006,which was chaired by MD, NABARD and had submitted the total budget for implementation of the Handloom Weavers` Financial Package for Handloom for Rs.1295 crore . Out of this, the Government of India`s share would be Rs.1155 crore, State Government`s share Rs.130 crore and NABARD`s contribution would be Rs.10 crore.

On 06.11.2006 the Financial Package Proposal was sent to Ministry of Finance for their approval. Ministry of Finance on 02.02.2007 had, inter-alia, suggested that State Government bear the large share of responsibility.

On 10.04.2007 a meeting was convened to discuss the Legal & Institutional reforms in cooperative credit structure for Handloom Sector with Secretary in-charge of Handlooms of major States i.e. Tamil Nadu, Andhra Pradesh, Karnataka, Kerela, Orissa, Uttar Pradesh, West Bengal and Assam. etc. In this meeting it was also decided that the Central Government`s share in the package should be Rs.936.25 crores, State Government`s share should be Rs.348.75 crore and NABARD`s contribution should remain at Rs.10 crores.

On 23rd May 2007 the draft Committee on Non-Plan Expenditure (CNE) note was circulated to Ministry of Finance , Planning Commission and Prime Minister`s Office.

Ministry of Finance vide ID note dated 31.10.2007 has suggested reformulating the proposal incorporating their suggestion in the proposal of Cabinet Committee on Economic Affairs (CCEA).